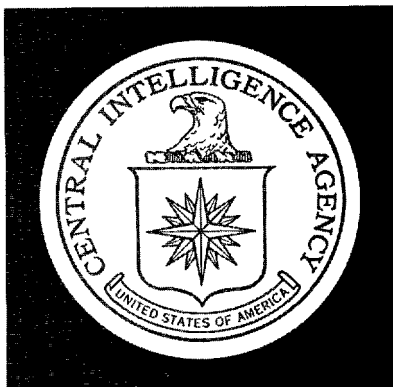


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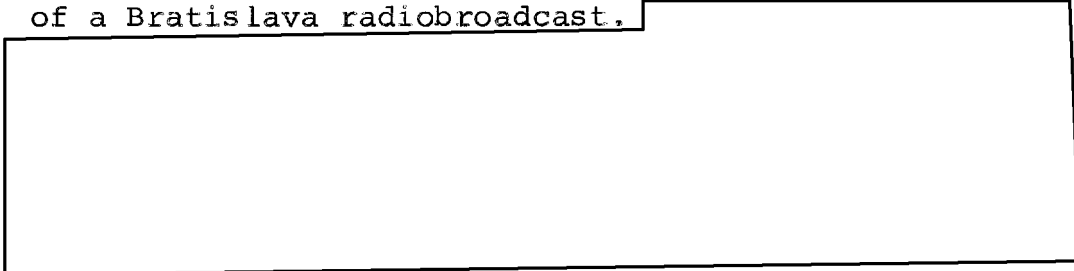
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[Czechoslovakia-USSR: The meeting of the Czechoslovak party presidium and the Soviet politburo may be going on, under pressure of further Soviet military moves.

Prague Radio announced yesterday afternoon that most of the Czechoslovak presidium had left for the meeting and would be joined by the rest on the spot. President Ludvik Svoboda also was included in the delegation. The Soviet leaders may be traveling by train. Western news reports indicate that the meeting will take place aboard a special Czechoslovak train.

The site of the confrontation is the Slovakian village of Cierna, just across the border from the Soviet railroad town of Chop, according to a report of a Bratislava radiobroadcast.

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Neither Prague nor Moscow showed any signs of give in their respective positions as the time for the meeting approached. On 27 July, Czechoslovak party leader Dubcek assured the nation over radio and television that the presidium intended to stand firm, especially in view of the massive citizen support he had received in the past few days. Despite official disclaimers, rumors persist that the presidium is split over how to deal with the Soviets.

Even as the presidium left for the meeting, the Soviet propaganda barrage continued, apparently hoping to convince Czechoslovak conservatives that Moscow will be obliged to intervene if the conservatives do not act to reverse the process of "democratization." On Sunday, Pravda called on the Czechoslovaks]

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25X1 [to "bar the way to counterrevolution," and threateningly added that "the Communists and working people of Czechoslovakia" are warned "that there is no time to waste." Pravda implicitly linked its demands to the politburo-presidium confrontation, emphasizing that "our party and our people attach much importance to that meeting." Moscow probably hopes that it can intimidate some of the more conservative members of the presidium who may be wavering in their support of Dubcek.

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South Vietnam: The lull in the ground war continued over the weekend.

Enemy-initiated activity was limited to a few light shellings and minor probes of government paramilitary outposts. Allied units were unable to initiate any prolonged engagements with Communist forces.

Reports continue to come in, however, that the enemy is gearing up for a major offensive sometime next month. The only important Communist force which appears to be currently on an offensive footing is the Viet Cong's 9th Division, whose elements are arrayed near Tay Ninh city.

* * * *

Despite recent efforts to establish its anti-Communist credentials, the Huong government is still under attack from hardliners.

The Prime Minister was sharply criticized in the National Assembly this weekend for recent remarks suggesting that at one time there were some genuine nationalists in the National Liberation Front (NLF). Huong's subsequent statements that such nationalists have long since been purged did not mollify his critics in the Senate. Efforts by government supporters and independents to shut off Senate debate on Huong's position regarding the NLF were swept aside by a coalition of Revolutionary Dai Viets and northern Catholics clearly anxious to embarrass the Prime Minister.

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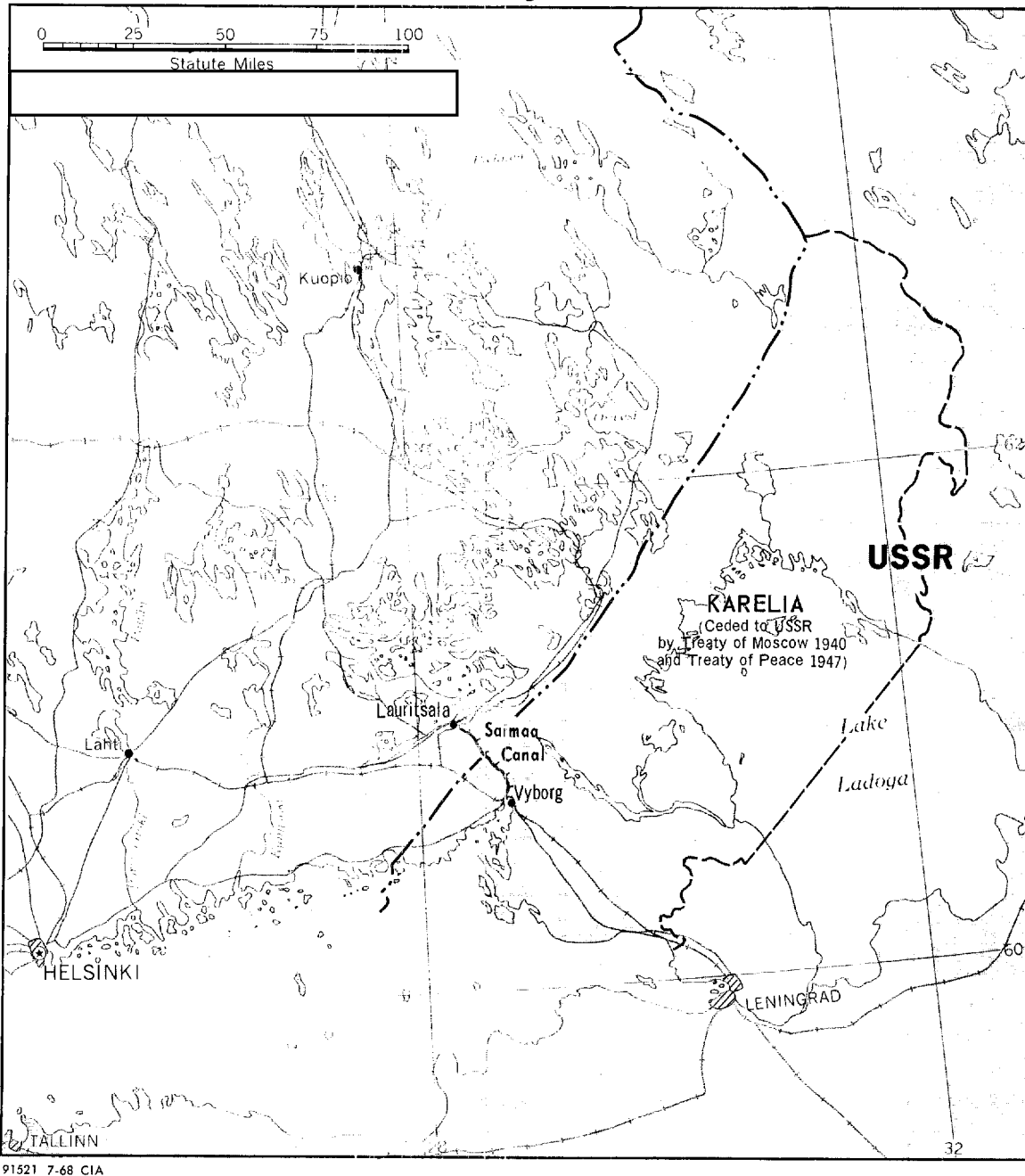
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Finnish-Soviet Canal to Reopen in August



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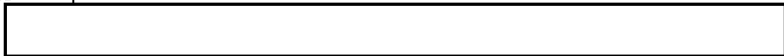
Finland-USSR: An unusual experiment in Finnish-Soviet cooperation will get under way in early August when the reconstructed and modernized Saimaa Canal is reopened.

The canal has not been used since 1944 when the Karelian Isthmus was turned over to the Soviet Union. The new border bisected the canal, leaving its southern half and Baltic terminus in Soviet hands.

The possibility of reopening the canal was first raised by the Finns in the early 1950s. It was not until 1962, however, when relations between Moscow and Helsinki were more cordial that the USSR agreed to lease to Finland for 50 years a narrow corridor along the canal and its outlet near Vyborg on the Gulf of Finland. To lease a part of its territory to a foreign country is without precedent for the Soviet Union.

The lease arrangement aroused controversy in Finland. Critics, including trucking companies and industrial interests, argued that the more than \$60 million invested in the canal should have been used to improve the road and rail network in the area rather than for a waterway suitable only for small vessels and open only part of the year.

Political considerations appear to have won out, however, and President Kekkonen has pointed to the canal deal as further evidence of the success of his policy of friendship with the Soviet Union. There have so far been no public references in Finland to a possible future redrawing of the border, but many Finns probably view the arrangement as a first step to regain a portion of Karelia, lost after World War II.



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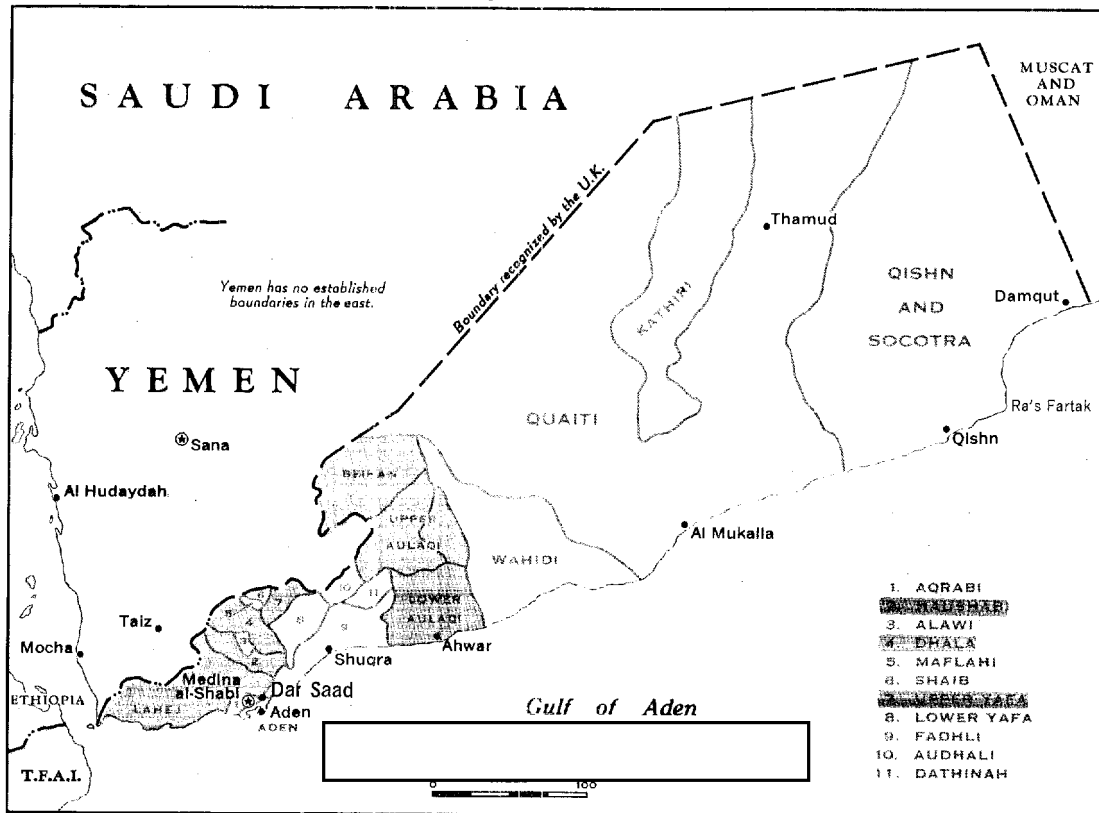
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Dissident Areas in Southern Yemen



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Southern Yemen: Dissension in the back country provinces may lead the army to crack down and possibly take over the National Liberation Front government.

Rumors of unrest in the tribal areas along the Yemen border continue to circulate in Aden, which itself is quiet but tense. Yesterday the government radio announced that Saudi Arabia and "international imperialist intelligence services" were fostering the dissension.

The unrest stems from popular dissatisfaction with the present weak government, rather than from the usual intrigues of political groups. One of the most powerful tribal groups is reportedly demanding a "national unity" government, representing all political and social groups except "the godless Communists," the leaders of the Egyptian-sponsored Front for the Liberation of South Yemen, and the former sultans.

The army has been placed on alert and the demobilized People's Guard recalled to duty, steps which may cause armed clashes between these two rival forces. The army already has virtually taken over the functions of government in some tribal areas, although it apparently stood aside during recent disorders in Dar Saad and other rural areas. If the army can overcome divisions in its own ranks, it may feel that it now has enough tribal backing to take over and form a "unity government" which can procure vital foreign budgetary assistance.

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Mexico: A major clash between students and police on 26 July in the heart of downtown Mexico City resulted in scores wounded and many arrested, including five Communist leaders.

The violent outbreak occurred after several hundred Communist youth celebrating the anniversary of the Cuban revolution merged with a separate, larger student group that had permission to protest the police methods used against demonstrating technical students a few days earlier. The Communist agitators succeeded in luring the technical students to Mexico City's main plaza, where attacks on stores and other buildings precipitated the clash with riot police.

The police announcement of the arrest of the Communists described them as the intellectual authors of a preplanned riot. Police also raided the office of the Mexican Communist Party and seized an alleged half ton of propaganda inciting students to riot. The National Federation of Technical Students which sponsored the original peaceful march has condemned the Communist youth group for "acts of vandalism."

The US Embassy comments that the incident is far from over and that further demonstrations may occur. The rapid and rough police intervention in the riot and the authorities' quick focusing of responsibility on the Communists, however, serve as a strong warning that the government will act severely to put down subsequent threats to order.

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Iraq: Differences between President Ahmad Hasan Bakr, a "moderate" Baathist, and Prime Minister Abd al-Raqqaz Nayif are said to be serious.

25X1 [redacted] the prime minister and other military officers may try to force Bakr and his supporters out of the government by the end of the month. The ouster of the Baathists would almost certainly result in continuing factional maneuvering and instability in Baghdad.

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* * * *

Syria: The military-dominated radical Baathist regime is obviously nervous about the possibility of a coup attempt in the wake of the recent successful coup in Baghdad. Syria's prime minister warned the Lebanese Government on 27 July against harboring "imperialist agents to operate against Syria," a reference to former Syrian Baathist leaders who have been in Lebanon since 1966. The Beirut press claims the military leaders in Damascus are planning to remove key civilians from their posts and set up a new all-military government.

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* * * *

Israel: The appointment of Finance Minister Pinhas Sapir to replace Golda Meir as secretary-general of the Israel Labor Party probably is at least in part another move by Prime Minister Eshkol to block Defense Minister Moshe Dayan's drive to become prime minister. This move may further strain relations between Eshkol and Dayan, but probably will not split the party at this time. Sapir has been head of the party committee charged with ironing out differences over its forthcoming convention. His appointment preserves the balance of power within the party and the government.

[redacted]

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Bolivia: President Barrientos, in another move to deal with the political crisis caused by the "Che" Guevara diary scandal, named a new cabinet of military cronies on 27 July. Although some elements of the military reportedly are unhappy over Barrientos' handling of the crisis, the composition of the cabinet, along with the apparent continued support of the armed forces commander ought to strengthen Barrientos' hand in dealing with opposition groups. There has so far been no significant popular reaction to the new cabinet.

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Cuba: Fidel Castro, probably concerned with the unpopularity of the harsh reforms he launched last March, made an apparent attempt to modify some of them in his speech on 26 July. Despite his frequent denunciations earlier this year of the concept of material incentives, Castro said that "some measures" are necessary to reward workers materially. He made no new demands on the population, and even promised workers more consumer goods and benefits.

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